

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 EA-10 ISO-00 STRE-00 CIAE-00  
DODE-00 NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00  
IO-13 AGRE-00 CEA-01 COME-00 EB-08 FRB-03 H-01  
INR-10 INT-05 L-03 LAB-04 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
DOEE-00 /120 W

-----042847 081511Z /64

O 081506Z MAY 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6426

INFO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L BRUSSELS 08801

USEEC

DEPARTMENT PASS ELECTRONICALLY STR FOR WOLFF, HEIMLICH

E.O.11652:GDS

TAGS: EEC, ETRD, EIND

SUBJECT: STEEL--DRAFT INTERNATIONAL RESOLUTION

REF: STATE 111651

1. LOEFF CONTACTED MISSION TODAY TO BRIEF US ON COM-  
MISSION DISCUSSIONS OF PROPOSED RESOLUTION (REFTEL).

2. IN GENERAL COMMISSION FEELS THAT IT WAS A GOOD  
EFFORT WHICH COULD BE THE BASIS OF A DRAFTING EXERCISE  
IN TOKYO THIS WEEK. LOEFF SAID THERE WERE A FEW SECOND-  
ORDER PROBLEMS (SEE BELOW) ON WHICH THE COMMISSION WOULD  
PREFER CLARIFICATION OR DIFFERENT TACTICS.

3. THE MAJOR PROBLEM FOR THE COMMISSION AT THIS STAGE  
IS HOW TO BRING IN THE EC MEMBER STATES. DAVIGNON  
REPORTEDLY FEELS HE NEEDS ABOUT TWO WEEKS OF CONSULTATIONS  
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WITH THE MEMBER STATES IN ORDER TO BRING THEM ON BOARD  
AND THAT IF THEY WERE TO BE PRESENTED WITH A FAIT  
ACCOMPLI EVEN THOSE MEMBER STATES PREDISPOSED TO ENDORSE  
THE PAPER WOULD REJECT IT ON PRINCIPLE. TO DATE DAVIGNON  
AND LOEFF HAVE GIVEN THE MEMBER STATES ONLY VAGUE  
INDICATIONS OF WHAT IS GOING ON. (PRESS STORIES ARE  
BEGINNING TO APPEAR.) LOEFF SAID DAVIGNON DOES NOT THINK

THE U.S., JAPAN AND THE EC SHOULD AIM AT PRESENTING THE RESOLUTION AT THE MAY 22-23 OECD MEETING. LOEFF NOTED THIS ISSUE WOULD HAVE TO BE DISCUSSED IN TOKYO BUT HE SAW THREE ALTERNATIVES:

- (1) POSTPONE THE MEETING (LOEFF DOES NOT FAVOR THIS)
- (2) GIVE THE PAPER TO OECD MEMBERS IN A REDUCED FORM
- (3) MAKE AN ORAL ACCOUNT.

4. LOEFF STRESSED THE COMMISSION HAS NO ULTERIOR MOTIVE IN POSTPONING THIS DISCUSSION AND REMAINS COMMITTED TO THE JULY 15 TARGET DATE. HE SAID HE WAS DRAFTING A LETTER FROM DAVIGNON TO STRAUSS ON THE SUBJECT. AS AN EXAMPLE OF THE KIND OF DANGERS INVOLVED, LOEFF POINTED OUT THAT THE SECTION ON EXPORT CONTROLS OF SCRAP METAL, WHILE IN LINE WITH COMMISSION THINKING, DIFFERS FROM MEMBER STATES' VIEWS, AND IT IS THE MEMBER STATES THAT HAVE COMPETENCY IN THIS AREA. THE COMMISSION THEREFORE FEELS THAT IT NEEDS GENERAL (BUT ONLY GENERAL) APPROVAL OF THE MEMBER STATES BEFORE THE RESOLUTION IS PRESENTED.

5. LOEFF SAID THREE OTHER PROBLEMS NOTED WERE ALONG THE LINES OF HIS REMARKS IN WASHINGTON APRIL 24. FIRST THERE IS RUNNING DEBATE ABOUT "CUSTOMARY" VERSUS "TRADITIONAL" PATTERNS OF TRADE. DO THEY MEAN THE SAME THING? IF NOT, MAYBE IT COULD BE PHRASED DIFFERENTLY. SECONDLY, THE EC WOULD HAVE SERIOUS PROBLEMS WITH THE LIMITATION OF ARTICLE 19 APPLICATION ONLY TO CASES WHERE STRUCTURAL

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PROBLEMS EXIST. LOEFF COULD NOT REMEMBER THIS BEING DISCUSSED IN WASHINGTON. THIRDLY, WHILE AGREEING WITH THE U.S. GOALS ON EXPORT CREDITS, THE COMMISSION BELIEVES THAT STATING BALDLY IN THE RESOLUTION THAT THERE SHOULD BE NO AIDS FOR STEEL PROJECTS WHICH ARE NOT COMPETITIVE UNNECESSARILY RISKS STIRRING UP RESENTMENT IN THE LDC'S.

6. MAURICE SCHAEFFER, DIRECTOR FOR STEEL AFFAIRS, DG III, WILL ACCOMPANY LOEFF TO TOKYO. HINTON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REGIONAL ORGANIZATIONS, STEELS, RESOLUTIONS, MEETING REPORTS  
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**Draft Date:** 08 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** ETRD, EIND, EEC  
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**Review Markings:**  
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